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# How Public Leaders Change Multiple Systems

Reducing Costs and Improving Outcomes  
Through Supportive Housing

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# Executive Summary

As the Corporation for Supportive Housing (CSH) has worked to create supportive housing as a solution for long-term homelessness, we have learned that instituting this innovation requires the involvement of public systems that may not view ending homelessness as a primary goal or responsibility.

This paper has a dual purpose: first, to offer a practical set of tools that state and local officials can use to leverage change in public policy and programs; and second, to provide three real-world examples that illustrate how agencies have modified existing systems in order to fund, create, and operate supportive housing.

These case studies focus on the Connecticut Supportive Housing PILOTS Initiative; Minnesota's Hearth Connection; and San Francisco's Health, Housing and Integrated Services Network. Taken together, these three initiatives provide an illustration of effective strategies for promoting cost savings and improved service outcomes through supportive housing.

Implicit in these case studies is the understanding that, while supportive housing is a proven remedy for interrupting and ending cycles of homelessness, this social innovation is also an approach for improving the performance and impact of services provided by mainstream systems such as health care, child welfare, and criminal justice.

## **The Current Reality: Fragments Unassembled**

The current systems for health care, mental health, housing, criminal justice, child welfare, and addiction treatment do not work well for people with especially complex health and social service needs. Because no single agency is primarily responsible for these individuals and families, different service systems struggle in isolation to manage high costs and service demands. The relative isolation of multiple human service systems makes it exceedingly difficult to ensure that an individual leaving one system will transition smoothly to another.

## **Solutions Within Reach**

A **supportive housing system** can produce far superior, long-term results with minimal additional cost to existing programs. Such a system combines elements of today's disparate mechanisms for housing, health care, mental health, social services, employment, criminal justice, addiction, and child welfare services without depending for its success on the voluntary cooperation and creativity of separate, independent actors in these arenas.

## **Marshaling Leadership**

Each of the three cases presented in the appendix describes some variation of using "champions" combined with the formation of effective coalitions of public and private forces to translate this leadership into concerted action.

## **The Value of a Dedicated Convener**

Changing systems requires the focused time and attention of someone trusted by all parties who, in effect, minds the store: organizing meetings, researching and suggesting strategies, keeping the momentum going.

## Building Blocks of Systems Change

These building blocks are essential strategies that policy leaders and others can use to catalyze, launch, or sustain efforts to build better systems for supportive housing.

- The power of leadership.
- The necessity of collaborative planning.
- Leveraging the money.
- Building the provider infrastructure.
- The persuasive power of credible data.
- Forging networks to effect change.

## Getting There: Five Components that Need to Change

Using the building blocks is a way to influence the five basic elements—power; money; habits; technology and skills; and ideas and values—that need to be marshaled in order to have a changed and improved system.

## Conclusion

Given the performance and focus of most current systems, almost *any* successful production and management of supportive housing is an indicator of system change. Securing dollars from a program that did not previously fund supportive housing development, gaining some flexibility in determining eligibility for service dollars, promoting cross-consultation among service and housing agencies—all these things, even if ad-hoc, are steps toward system change. They are, to some degree, assaults on the status quo, and thus a credible beginning to a longer change process.

Without the luxury of being able to design a new system from scratch, it is up to local, regional, and national leaders and advocates to make changes to the systems that are already in place. The changes that result in much more supportive housing will not only help to end homelessness, but will also enable our communities to more effectively and efficiently address other populations with complex problems—including the elderly, people with developmental disabilities or mental illness, and high risk families.

## Case Studies: Three Stories of Systems Change

Connecticut's five-year demonstration project known as the **Supportive Housing PILOTS Initiative** relied on the presence of all key stakeholders at the table to produce a better-coordinated, ongoing financial commitment from the state that is helping to create much more supportive housing statewide.

In Minnesota, **Hearth Connection** leveraged multiple sources of financing and created an integrated service delivery model. This pilot project includes a rigorous evaluation that is making the case for the cost effectiveness of this approach and continued investment, even during periods of budget shortfalls.

The San Francisco Bay Area's **Health, Housing and Integrated Services Network (HHISN)** relied on data to translate a strong base of commitment into a standard, coordinated model of integrated services and housing.

# Overview

As the Corporation for Supportive Housing (CSH) has worked to create supportive housing as a solution for long-term homelessness, we have learned that instituting this innovation requires the involvement of public systems that may not view ending homelessness as a primary goal or responsibility. These systems finance and operate emergency rooms, psychiatric hospitals, prisons, jails, and child welfare programs. In fact, the people who spend the most time in these institutional settings are generally among the ranks of the long-term homeless population, cycling between crisis-driven care from these systems and life on the streets. Mainstream systems, then, have a vested interest in improving the outcomes for the people who use their services disproportionately. Getting their investment in supportive housing requires recasting the issue of homelessness from their perspective. When mainstream systems participate, we can address the heart of the problem—a fragmented system of health and social services—not just the symptom of long-term homelessness.

This paper offers a set of essential strategies for establishing a new or substantially altered approach for financing the creation and sustained operation of supportive housing. It is meant primarily as a guide to public policymakers—elected officials, agency heads, and senior executive staff—drawn from the experiences of similar officials in other states. Three real world examples are presented in case studies included as an appendix to this document.<sup>1</sup> These case studies focus on the Connecticut Supportive Housing PILOTS Initiative; Minnesota’s Hearth Connection; and San Francisco’s Health, Housing and Integrated Services Network. Taken together, these three initiatives provide an illustration of effective strategies for promoting cost savings and improved service outcomes through supportive housing.

The principal message of the strategies and the three case studies presented here is that there is a way to overcome the current frustrations and inefficiencies surrounding the development and financing of supportive housing. There are proven strategies and several tested methods by which public leaders can transform existing policies and programs—even in the current fiscal environment—into effective, coherent systems that create and sustain supportive housing.

Implicit in these case studies is the understanding that, while supportive housing is a proven remedy for interrupting and ending cycles of homelessness, this social innovation is also an approach for improving the performance and impact of services provided by mainstream systems such as health care, child welfare, and criminal justice.

## Small Steps to a Larger Goal

The idea of building systems across agencies or levels of government might seem overwhelming at first glance. But most of the time it consists of incremental, manageable, even routine steps closely linked with the practical, day-to-day work of funding and delivering effective supportive housing. The core of the system-change challenge is threefold: first, drawing out the essence of

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<sup>1</sup> For additional details on the creation and implementation of these initiatives, go to the Resources section of the CSH website at [www.csh.org](http://www.csh.org). As part of an ongoing effort to help public officials create similar initiatives that meet the needs of their communities, CSH is helping to develop a curriculum and training materials on the practicalities of systems change.

what works from modest, practical achievements, including successful local developments and allocations of new discretionary money from a program that has never funded supportive housing; second, capitalizing on these successes; and finally, pushing them beyond their current limits.

While undoubtedly a truism, it is worth repeating that changing systems takes time. Experience has shown that it takes years to build the political will and implement programmatic changes to reach the goal of a new cost-effective system that better serves its most frequent and/or most expensive users.

## The Value of a Dedicated Convener

Changing systems requires the focused time and attention of someone trusted by all parties who, in effect, minds the store: organizing meetings, researching and suggesting strategies, keeping the momentum going. It is often hard to identify the right person or agency to play that role and to fund it. Key qualities for a convening organization include:

- Relative neutrality, or at least perceived independence and fairness
- Substantive expertise in the issues at hand
- Connections to all relevant stakeholder networks
- Diplomatic skill
- Track record in successfully resolving similar dilemmas

While CSH played the convening role in the three case studies here (passing it on to Hearth Connection in Minnesota), this is not a pitch for CSH to be involved with all systems change efforts directed at supportive housing. Rather, this is a reminder that *someone* needs to devote time to managing the process.

## The Current Reality: Fragments Unassembled

In general, the current systems for health care, mental health, housing, criminal justice, child welfare, and addiction treatment work for most of the people who use these government services. However, for those with especially complex needs that cross multiple systems the current approach does not work well because agencies function in relative isolation from one another, delivering fragmented services separated by partitions of law, regulation, funding, and professional training that make coordination, or even cross-consultation, complicated and hard to sustain. And many of those with the most complex needs are also homeless repeatedly or for long periods of time. Because no single agency is primarily responsible for these individuals and families, different service systems struggle in isolation to manage their high costs and service demands.

Some public officials, sensing the overlap between their own work and that of other agencies, venture into related fields. Jails offer mental health or drug counseling, shelters try to provide social services, mental health clinics try to offer housing, and so on. The impulse to combine approaches to the problem is exactly right—but the result tends to be a combination of “mission

creep” for the expanding agency, a confusion of boundaries with other systems, and insufficient resources to deliver the expanded services effectively.

The relative isolation of multiple human service systems makes it exceedingly difficult to ensure that an individual leaving one system will transition smoothly to another. For instance, federal McKinney-Vento funds, which are a major source of funding for supportive housing, are by law only available to serve people who meet their definition of being homeless, generally excluding people who have been living but not permanently housed in an institutional setting such as a hospital, jail, or prison. For the frequent users of multiple systems, chances are good that they will show up again in the system they have just been discharged from, and so effective discharge planning—taking steps to connect these people with systems and supports, including supportive housing, that will help them stabilize their lives—can help avoid repeat visits and recidivism.<sup>2</sup>

The impact of disjointed systems extends beyond the delivery of services and into the financing for supportive housing itself.<sup>3</sup> Supportive housing development faces substantial disadvantages when it comes to financing. Often, developers must cobble together funds from seven to twelve sources to cover capital, operating and service costs. Federal monies for development, operation, and services may come from the Section 811 program, HOPWA, the McKinney-Vento Act, Section 8, HOME, CDBG, housing trust funds, HHS, or redevelopment agencies. Private investment generated by Low Income Housing Tax Credits can provide more than 50 percent of capital financing. A dizzying array of state and local programs may fund services and sometimes some capital and operating. The diversity of sources results in a challenge for supportive housing developers. Even the more streamlined method of seeking housing on the private market and matching it the units with services can be challenging. Each program has its own schedule and requirements; as a result, it is difficult to get projects underway and at any point a gap in financing availability can threaten a project’s completion.

## Solutions Within Reach

While there is no system for serving these frequent users of public systems who are also chronically homeless efficiently and effectively, there is a solution, and it does not require government tackling new problems or serving new populations. Government, usually at enormous expense, is already caring for the people for whom supportive housing works most effectively.

A **supportive housing system** can produce far superior, long-term results with minimal additional cost to existing programs. Such a system combines elements of today’s disparate mechanisms for housing, health care, mental health, social services, employment, criminal justice, addiction, and child welfare services without depending for its success on the voluntary cooperation and creativity of separate, independent actors in these arenas.

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<sup>2</sup> See “The Impact of Supportive Housing for Homeless People with Severe Mental Illness on the Utilization of the Public Health, Corrections, and Emergency Shelter Systems: The New York-New York Initiative” available at [www.csh.org/uploads/documents/live/NYNYcoststudy.pdf](http://www.csh.org/uploads/documents/live/NYNYcoststudy.pdf).

<sup>3</sup> For an illustration of the array of funding sources used in supportive housing, see chapter four of the “Taking Health Care Home Evaluation Baseline Report,” available at [www.csh.org/index.cfm?fuseaction=page.viewPage&pageID=766](http://www.csh.org/index.cfm?fuseaction=page.viewPage&pageID=766).



Changing current behavior and structures of programs and bureaucracy to create a new system is possible. But it requires leaders to seek a new way of doing things, institute those new ways among their own subordinates, and form alliances with other leaders who will do the same. It all starts with a few leaders who are committed to reopening the blueprints and designing a new approach.

## Marshaling Leadership

This paper demonstrates the pivotal role public-sector leaders at all levels of government play in catalyzing and moving change by exhibiting the will to revisit existing rules and assumptions governing the financing and accountability of current programs.

The point of focusing on public leadership is not to suggest that a supportive housing system can be created or reformed solely by official fiat. In most cases, in fact, no single executive or lawmaker has enough authority or even enough influence to bring about a new system single-handedly. State and local funding streams, regulations, administrative procedures and authorities, the nonprofit provider community, and patterns of interaction among relevant agencies and organizations—the whole web of activities that constitute working systems—are answerable to an equally complex web of separate leaders, managers, and constituencies. Supportive housing’s success depends upon effective alliances with many, sometimes all, of these centers of power.<sup>4</sup>

Each of the three cases presented in the appendix describes some variation on this use of “champions,” combined with the formation of effective coalitions of public and private forces to translate this leadership into concerted action. The cases are evidence that, despite widely varying circumstances in different states and localities, there is a navigable path from the current, fragmented treatment of homeless individuals and families toward a true, functioning system. The cases provide examples of the building blocks for systems change and are reviewed in the next section.

## Building Blocks of Systems Change

An earlier paper from CSH<sup>5</sup> outlined a series of “building blocks,” or essential strategies that policy leaders and others can use to catalyze, launch, or sustain efforts to build better systems for supportive housing. A review of these building blocks is helpful in drawing general lessons about system change from the three cases summarized at the end of this document. In abbreviated form, the building blocks include:

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<sup>4</sup> For more information on how to assemble the right group of leaders, see “Setting the Table and Engaging State Agencies,” available at [www.hearthconnection.org](http://www.hearthconnection.org).

<sup>5</sup> “Laying a New Foundation: Changing the Systems that Create and Sustain Supportive Housing,” Corporation for Supportive Housing, July 2003, available at [documents.csh.org/documents/pubs/LayingANewFoundation.pdf](http://documents.csh.org/documents/pubs/LayingANewFoundation.pdf)



## ❑ The Power of Leadership

Most progress in promoting a system for supportive housing has depended heavily on the determined stewardship and advocacy of one or more persuasive champions—highly placed or influential policy leaders who advanced the cause in government, media, and public opinion. The need for leaders that have access to power, knowledge, and resources cannot be overstated.

The value of these kinds of champions, whether they come from inside or outside of government, is the loyalty and “ear” they can command to create attention and attachment to their agenda. In each of these cases, the seminal acts of leadership consisted not only of committing to a vision of change, but also of finding and enlisting other necessary leaders who would do the same.

When it comes to motivating leaders, **plan to show how a better system will solve other leaders’ problems.** To successfully navigate the long, complex work of system change, it is usually necessary to demonstrate that supportive housing will solve real problems facing the leaders of current systems. By knowing what problems truly worry *them*, and how supportive housing can be shown to alleviate those problems, it then becomes possible to construct a convincing argument for change and a body of evidence that bolsters that argument. The process of leader-to-leader persuasion may include these actions:

- **Address today’s problems.** Most of the time, the heads of current systems will have only a vague idea of the whole range of things an effective supportive housing system could accomplish. But each one will have some immediate problems that supportive housing could address in the relatively short term.
- **Work within today’s systems.** Before calling for a new or thoroughly revamped system, it helps to build credibility by making old systems work better within their current rules and procedures.
- **Capitalize on frustrations with the status quo.** Most government organizations have a few high-ranking figures who have become frustrated and impatient with the status quo—the rigidity of current programs, the slow pace of bureaucracy, and the poor fit between established

### Champions’ Roles

- ▶ In Connecticut, the head of the state mental health agency and, ultimately, the governor’s budget director played key roles.
- ▶ In Minnesota, leadership was institutionalized in an independent nonprofit group with significant participation and support from a core group of state and county officials, among others.
- ▶ In California, the impetus for change started with an alliance of a few local government leaders and nonprofit providers, with a rallying of more government leadership over time.

### Today’s Problems

- ▶ In Connecticut, system reformers started with concerns in the mental health system about the delivery and effectiveness of mental health services, long before they introduced the now-accepted goal of ending long-term homelessness in 10 years.
- ▶ In San Francisco, government officials were alarmed at the high cost of emergency health services for chronically homeless people, while hospitals and nonprofit organizations that served those same people were frustrated at the difficulties in getting the full package of housing and services each person needed.

### Today’s Systems

- ▶ In Minnesota, having some supportive housing already in operation, even though it was developed through the laborious combination of resources, set the stage for a new model. Seeing that supportive housing could help them solve problems motivated the managers of fragmented systems to work together to create more.

methods and changing needs. One effective way for any of these officials to accelerate the process is to find other potential reformers with similar concerns, appeal to their desire for change, and encourage them to exercise their authority and influence to alter current practices. Bureaucracies have formidable defense mechanisms against change; it often takes determined, persistent leaders to enforce new procedures over a long period before new systems take lasting hold. Enlisting help—not only across bureaucratic divisions, but at multiple layers within an agency’s hierarchy—can be a crucial first step toward wearing down the resistance of entrenched old systems.

## ❑ The Necessity of Collaborative Planning and Leveraging the Money

The multiple moving parts in any supportive housing agenda call for an array of partners to make change happen. Assembling a good planning body to design and move such complexity is usually a triple balancing act. Organizers have to blend production goals with a system-change agenda; they have to weigh the value of inclusiveness with the need for a workably small group; and they have to find participants who are neither too high nor too low in the hierarchy, equally at home with big visions and fine details.

Some tips about collaborative planning:

- **Work smarter by working together.** By working together, sectors can start to identify the overlaps in process, in heavy users of each other’s systems, of funding, among other things. By looking at problems across their systems, they can then start to develop solutions from the development of joint funding announcements, to tracking the heavy users, to changes in their program guidelines.

- **Incorporate supportive housing into planning efforts.** With the surge in 10-year plans to end homelessness, the growth of interagency councils, Federal Policy Academies, and other planning efforts, there are ample opportunities to advocate for supportive housing’s inclusion as a strategy. Indeed, the attention on ending homelessness gives systems change efforts a much-needed push.

### Coordination Brings Strength

- ▶ Minnesota’s planning group defined a collective achievement, delivered the product, and, through Hearth Connection, created a single point of accountability for performance.
- ▶ In California, HHISN brought service providers and local government officials together with expert policymakers, involving people from each group who were as well versed in the needs of individual homeless people as in the complex interactions of public agencies and budgets.

### Teamwork Simplifies Access

- ▶ Connecticut’s team created and instituted a single request for proposal (RFP) process to streamline the process and leverage resources from different agencies within the state.

Some tips about leveraging the money:

- **Identify the likely sources of money.** One sure hallmark of a well-formed system will be an expanded and more efficient flow of public and private dollars to supportive housing. Early in the process, it helps to understand how these dollars flow now, and then to envision what it will take to redirect or increase them. From there, the steps will probably be incremental.

- **Leverage and coordinate the money.** Marshalling the funding for a changed system hardly ever means getting an entirely new budget allocated from scratch, but it does sometimes start with some amount of formerly unavailable money. New money can come from previously untapped sources like a new or expanded federal program, a fresh legislative appropriation, or a first-time foundation grant. More rarely, new money can also come from existing funding streams that have simply been underused.
- New Money, Underused Money**

  - ▶ California artfully parlayed its promising evaluation results into a significant foundation investment, and later into a sizable new state appropriation.
  - ▶ In its first year, Hearth Connection in Minnesota tapped unused TANF dollars.
- **Look for opportunities to use old money in new ways.** Usually, gaining access to existing funds usually requires more effort, but these dollars are far more plentiful. Using existing dollars differently usually means a more explicit targeting of funds toward supportive housing, establishing new eligibility criteria for both people and projects, and coordinating and streamlining the procedures by which participants in the system spend their available dollars. All these changes normally start with evidence (or at least a persuasive argument) that today's unmet need could be met if today's dollars were redirected to more effective, wider-reaching, or longer-lasting solutions in supportive housing.
  - **Pursue new or greater use of current funding streams.** Start where the money is, even if it is not perfect. For instance, an infusion of capital resources, whether a housing agency's general obligation bonds or federal HOME funds, can catalyze other funding, including service dollars, even if the capital and service dollars are not immediately aligned. Simply using current dollars in a new way, or injecting a new source of funds into current projects, will at least begin the process of showing what supportive housing can do and why it's worth funding. The point is to exhibit success, build momentum, and sustain political support. All three of the cases summarized here began with small demonstrations or marginal increases in funding, from which a more ambitious funding system later emerged.
  - **Use one funding source to leverage another.** Funders often respond to the prospect of financial leverage as much as to the promise of better outcomes. A change or increase in one funding stream can therefore be used to induce changes in another. For example, it's often possible to use private funds and government money to challenge one another. In other cases, a change in one government leader's own budget can induce other players to adjust and cooperate. Securing foundation and corporate investments for a demonstration project, with government involvement in the design and evaluation of results, can build a sense of ownership and confidence when it is time to move to scale.
- Getting the Money Flowing**

  - ▶ Hearth Connection and HHISN used foundation money to get started, and then induced public funders to sign on.
  - ▶ In Connecticut, the use of discretionary mental health dollars helped spark demonstration projects that also received assistance from a foundation investment, and that later prompted a significant investment of capital dollars as well.
  - ▶ In California, a legislative act created a pool of \$25 million specifically for supportive housing.

- **Create a new funding stream.** Creating a new sustainable source of funding for the development and operation of supportive housing is also a desirable outcome. Having a known designated resource helps encourage the development of supportive housing as the provider community can plan and create a pipeline of projects.

## ❑ Building the Provider Infrastructure

Support from policy leaders and new or different funding streams for supportive housing are all but moot if the delivery system on the ground is unprepared.

Training, technical assistance, management support, and expert consulting—services commonly provided by CSH, among

others—must be invested in, thereby building a network of skilled providers that can deliver the supportive housing in the quantities the new system is meant to achieve.

### Consciously Fostering Skill

- Connecticut's success in building providers' capacity—a joint effort of CSH and the state mental health agency—was crucial to establishing a breadth of providers and political support that could move a demonstration project statewide.

## ❑ The Persuasive Power of Credible Data

As the experience in California shows most clearly, what makes the message of a supportive housing system take hold for policymakers as an important, durable idea is documenting its quality, performance, and efficiency. No matter the political environment, it is hard to ignore evidence that something achieves better results, solves problems more consistently, and costs no more or even less than current practices. Policymakers are often more likely to be motivated to change if data is presented to them in a way that helps them see the rewards—that is, direct impacts on their priorities (not necessarily on your priorities), that would be the result of adopting a new way of doing things. Data is most persuasive when it acts as an incentive to operate differently.

Most heads of budgetary agencies have long since grown skeptical of the argument that this-or-that reform will save money, deliver better results, or eliminate problems. Most have heard it before, many have been disappointed, and nearly all will respond by saying, in effect, “prove it.” Reliable data convincingly presented is hard and sometimes expensive to compile but can be the overriding thing that tips the scales in favor of more resources. This does not mean that a highly rigorous study that would pass muster with a university faculty and cost a significant amount of time and money is always necessary. Some of the time, a few good numbers, even if incomplete, can be enough to at least begin winning attention and credibility. Starting the data-gathering process early is therefore essential. It's no accident that all three of the cases profiled in this paper started with data collection at the very beginning of (or even, in some cases ahead of) the system-change effort. And in every case, the data or the promise of data and the means to collect it, have proved crucial in winning over skeptical public officials, including those who hold the purse strings.

## ❑ Forging Networks to Effect Change

The final building block represents how system change efforts can only be assembled and sustained in a network-rich environment, with allies as a critical ingredient. Given that effective coalitions usually can't be summoned solely by one actor, an indispensable early step for any

committed leader is to find, cultivate, and support other champions in positions of public authority: governors or mayors, legislators, top agency executives and their lieutenants, or some combination. These standard-bearers can be of many different types.

Tips on the kind of allies and networks needed during a systems-change endeavor:

- **Allies with purse strings.** Government leaders who can influence, steer, and shape financing for supportive housing (those in control of budgets for, say, mental health, Medicaid, human services, housing, and corrections) should be brought in to the effort early.
- **Allies with passion.** Start with the strongest, most committed allies first—even if they are not the highest-ranking officials—because they are most likely to stick with the cause in the early problem-solving stages.
- **Allies with clout.** Some policy leaders really can create change on their own authority. Leaders who have the power to reshape rules, establish new mandates, write legislation and policy, and redirect staff attention are especially valuable for getting change moving. Official allies who can wield this kind of power directly aren't always available, at least at first. But when they are, cultivating their support can make the difference between an accelerated system reform and one that is much slower and more laborious.
- **Allies acting in concert.** Even when the most powerful people aren't yet engaged in the system-change discussion, artful coalitions of lower-level authorities—especially ones who are not yet accustomed to working together—can create powerful upward pressure for change. Sometimes, just widening the circle of middle managers interested in supportive housing—giving them an opportunity to compare their frustrations, to consider effective alternatives, to visit other places where interagency relationships are more advanced—all these things can create relationships and pressures for change that will carry weight with higher-level managers. These incipient coalitions also have a way of spreading outward: once a few new working relationships are created, other possible participants may grow more interested in climbing aboard.

#### Follow the Money

- ▶ Quite intentionally, the first people CSH sought out in designing Hearth Connection included officials who controlled budgets for mental health, Medicaid, human services, housing, and corrections.
- ▶ In California, the organizers of HHISN enlisted the help of key funding agencies in gathering data on supportive housing's impact—to increase the agencies' likelihood of paying attention to the results.

#### Seek Out the Most Committed

- ▶ Connecticut's state budget director was among the most powerful actors in state government and therefore a decisive ally at a key point.
- ▶ Participants in Minnesota and California were less powerful individually, yet their commitment to reform and their willingness to combine their spheres of influence made them a formidable team.

#### Deploy People in Power

- ▶ In California, HHISN started with mostly local officials who had the ability to move city and county resources and create elements of a reformed local system. The results of that locally ordered change led eventually to a persuasive case for statewide change.
- ▶ In Connecticut, a state mental health director used his priority-setting power to direct the state's attention to supportive housing and soon won the even more powerful endorsements of other policy leaders, including the state's top fiscal officer.



- **Allies with vision.** Some leaders, especially at the most senior levels, are more likely to be stirred by a big vision—the prospect of achieving something truly remarkable. To cultivate the support of this kind of partner, it’s important to focus like a laser on the end game: a permanent solution to long-term homelessness; a radical reduction in the numbers of people cycling among systems; significantly longer and better lives for people burdened by chronic suffering. In all three of the states described here, system reformers conjured an ambitious, tangible goal that captured the imagination of other influential people and motivated action.
- **Allies from the homeless system:** Groups that operate shelters, transitional housing, and other forms of short-term care for homeless people often become alarmed at efforts to institute supportive housing. To allay fears about cuts to their programs in the name of supportive housing, it is helpful to work with these groups early on in the process, to give them a voice in shaping the program initiative so that it addresses the problems they experience, and to build their capacity to be involved in the new programs.
 

**Start with Like-Minded Allies**

- ▶ The HHISN coalition started as a group of already committed people and organizations in San Francisco, most of whom knew one another and shared many common goals and frustrations. Their collaboration eventually created a buzz, and in time, the idea caught on more widely.
- **Allies off the beaten path.** Sometimes a really effective partner doesn’t come from the obvious box on an official organization chart. Maybe it’s a budget official looking to save money. Maybe it’s a group of mental health advocates threatening to sue—or a senior government lawyer or agency head hoping to avoid or resolve litigation.
 

**Look for Unexpected Allies**

- ▶ In Minnesota, an important set of allies came from the private health-insurance industry, a sector that carries weight with public policymakers and that has to be involved in any plan to redirect public health dollars in that state.

## Getting There: Five Components that Need to Change

Using the building blocks is a way to influence the five basic elements— power; money; habits; technology and skills; and ideas and values—that need to be marshaled in order to have a changed and improved system. Any one of them is useful to the cause, but the ultimate success comes only when all five are working towards the new goals. These elements are more fully described in the previously cited CSH publication, “Laying a New Foundation.” These five components are generally all in play during a systems change effort, and so if progress on any one of them is stalled, there is still work to be done on the remaining pieces. Even when new money seems out of reach, the best course of action is to look for small, achievable steps that will, for instance, get people used to working with each other in anticipation of the day when the budget picture improves. These times can also lend themselves to a focus the regulatory or administrative arena. Financial austerity can create the political will to try something that might save the system money. In fact, the five elements can be used to track progress of a systems change effort.

### The Key Components of Systems and Indicators of a Changed System

- ▶ **Power.** Leaders committed to change and people who have formal authority for making it happen
- ▶ **Money.** Funding is available and reliable
- ▶ **Habits.** People and organizations interact with each other to carry out new activities as part of their normal ongoing routines
- ▶ **Technology and Skills.** Skilled practitioners at all levels can effectively produce results
- ▶ **Ideas and Values.** A new understanding of the problem to be solved and new definitions of performance or success are widely shared

## Conclusion

Given the performance and focus of current systems make for supportive housing, almost *any* successful production and management of supportive housing is an indicator of system change. Securing dollars from a program that did not previously fund supportive housing development, gaining some flexibility in determining eligibility for service dollars, promoting cross-consultation among service and housing agencies—all these things, even if ad-hoc, are steps toward system change. They are, to some degree, assaults on the status quo, and thus a credible beginning to a longer change process.

Without the luxury of being able to design a new system from scratch, it is up to local, regional, and national leaders and advocates to make changes to the systems that are already in place. The changes that result in much more supportive housing will not only help to end homelessness, but will also enable our communities to more effectively and efficiently address other populations with complex problems—including the elderly, people with developmental disabilities or mental illness, and high-risk families.

To take supportive housing to the scale needed, we can, and we must, work together for the necessary investment of resources, and an integrated, coordinated, routine process by which supportive housing is planned, authorized, funded, developed, and maintained over time. In doing so, we will help improve the performance of public systems—and the outcomes for all of the people whose dignity and stability depends upon the integrated supports possible in supportive housing.

The three case studies that follow are meant to demonstrate that it is possible to engage multiple sectors, and through shared effort, get better outcomes using existing (scarce) resources. Although each is different in organizing approach and structure, all started out without clear commitment of money. In fact, the initial strategies of each initiative were devoted to engaging people with access to mainstream resources; the first step was to engage their respective interests in solving a shared problem and then talk turned to allocating funding for this purpose. In most cases, designing the group's make-up was a prelude to accessing funding.<sup>6</sup>

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<sup>6</sup> For details on Hearth Connection's approach to designing its pilot project, see "Design for a New Partnership: A Pilot Project to Integrate Housing, Support Services, and Managed Care" at [www.hearthconnection.org](http://www.hearthconnection.org).



The case studies presented here are but three instances of multiple systems working together to use resources more wisely and better serve people who face the greatest barriers to stability. The relevance of these examples is borne out by looking at ongoing work in other communities that is employing the same building blocks for change. As these ongoing efforts progress, they will further inform our understanding of how to better coordinate the activities of public systems.

# Three Stories of System Change

## 1. Connecticut Supportive Housing PILOTS Initiative Leadership for a Statewide Strategy

### Introduction

Ten years ago, Connecticut's mental health system was beset by pressures from all sides. As in many states, advocates, providers, and government leaders were frustrated with the system's limited ability to serve its citizens with severe mental illness and disability effectively. The system itself was faltering and approaching gridlock.

The early 1990s were also a time of increased attention to homelessness in communities throughout the state, as well as a growing understanding that many of the most frequent users of homeless services—from shelters to emergency room care—also suffered from severe mental illness and addictions to drugs, alcohol, or both. The mental health and homeless “systems” were spending enormous amounts of money on an expensive population that neither was serving well.

### Leadership Sparks Demonstration Program and Data Collection

Connecticut's policy and nonprofit leaders knew that a better, more cost-effective approach was needed, particularly to address the high expense and limited impact of current programs serving chronically homeless people who also suffer from mental illness and addictions. In time, the goal became even more ambitious: end homelessness as we know it in 10 years. The path to that goal began, in part, with three key policy leaders: the head of the state mental health agency, director of state social services, and a deputy in the state budget office.

The director of the mental health agency had particular leverage since Connecticut's mental health and addiction services reside in a single state agency that essentially drives policy, funding, and services in local communities throughout the state. The agency thus had not only an interest in improving outcomes for its clients, but also the flexibility to allocate discretionary dollars to test the waters for supportive housing. In consultation with CSH, he and his partners together championed two key initiatives: a modest demonstration project (with a credible evaluation) in six communities to roll out 280 units of supportive housing, and a series of training sessions for nonprofit providers on the development and delivery of supportive housing.

The five-year demonstration project (1993-1998) led to two key findings. First, supportive housing was cost-effective and saved money in many existing systems of care (especially inpatient hospital care). Second, supportive housing tangibly improved the well being of the high-cost, repeat users of the mental health system. The mental health, social service, and budget policy leaders, now more convinced that supportive housing could work in Connecticut and armed with data to prove it, won support for service dollars and bond funds in the governor's budget to take the demonstration project to the next level: 650 units over five years of affordable, service-supported rental housing in cities and towns throughout the state.

### Bringing Allies to the Table and Cultivating Provider Capacity

These leaders' belief in the model was instrumental in finding money to ramp up supportive housing in Connecticut. They also knew that responsibility and accountability for success had to

be shared more widely. As part of the planning effort for the demonstration, they gathered a small group of key agency leaders who controlled most of the policy and funding streams affecting the target population: chronically homeless individuals with mental illness and/or addiction and repeatedly homeless families with similar, but additional, barriers (particularly involvement with the child protective services system). This core working group (which has expanded as target populations for these efforts have broadened) included agency directors or deputies from mental health, budget, planning, human and family services, housing, and finance agencies, as well as CSH. Bringing these leaders to the table early to design and execute the expansion of supportive housing has been critical to nurturing and sustaining the idea beyond its initial champions.

This group's ongoing leadership of the initiative and the cultivation of the provider community to develop and operate the housing and services resulted in more than \$40 million of investment in supportive housing in 25 communities since 2000.

### **Coordinating the Money**

Connecticut's supportive housing initiative is financed by a mixture of state and private money, including two special appropriations, one of housing capital funds and another for services.

#### **Capital funds:**

- State general obligation bonds (\$20 million)
- Existing state housing agency trust funds for low-interest loans (\$9 million)
- Special state community mental health funds (\$3 million)
- Federal HOME funds (\$3 million)
- Priority position for low-income housing tax credits
- CSH predevelopment loans (\$3.3 million)

#### **Operating funds:**

- Federal project-based Section 8 rental subsidy vouchers (200)
- Federal HUD McKinney-Vento Shelter Plus Care (allocated to specific projects)
- Federal HUD McKinney-Vento Supportive Housing Program (allocated to specific projects)

#### **Service dollars:**

- General fund legislative appropriation (\$5 million annually)

An interagency working group appointed by the participating policy leaders—and governed by a formal memorandum of understanding signed by all participants—conducts a single RFP process to finance the development and operations of individual supportive housing projects.

### **The Result**

The effort to move a demonstration project to a statewide scale was launched in July 2002. Nineteen projects encompassing 380 new supportive housing units are on line or in the pipeline. The key state agencies—the ones bringing money to the table—are committed to the strategy, understand its value to their own agency interests, and know how to collaboratively build and invest in the execution of a sustained idea. The developers, service providers, and officials in the 25 towns and cities where projects now exist are an important new constituency for legislators

and advocates. This momentum, coupled with documented results and CSH's ongoing presence, has enabled the effort to last through changes in administration, budget shortfalls, and competing priorities.

None of this would have occurred without the tenacity of a handful of key policy leaders. Their commitment to the long-term goal of ending homelessness in their state, the vision to move incrementally toward that goal, and their willingness to promote new behavior and allocate funds differently within their own agencies were key to catalyzing the creation of a new system of supportive housing that continues to grow.

## **2. Minnesota's Hearth Connection Creating a New Leader to Address Homelessness**

### **Introduction**

In 1996, there were dozens of supportive housing projects completed or under way in Minnesota. Local foundations, corporations, developers, and local governments were increasingly interested in supportive housing and were making more investments in individual projects. Yet each project had to create its own strategy, piecing together different sources of financing and establishing relationships with funders each time. With each supportive housing project reinventing the wheel, it was impossible to envision how an effective strategy could go to scale to address the 3,000 households making up Minnesota's long-term homeless population. It was clear to CSH's Minnesota office that stronger ties with a broader range of providers and state and local policymakers were required to make significant headway.

### **Collective Leadership—including an Unlikely Player—Creates Demonstration Program**

In the fall of 1996 CSH helped initiate a planning process to find common strategies to address the consequences of long-term homelessness. Created deliberately to yield a prescription, not merely an assessment of the challenges, this planning group included human service and housing staff in state and county government, providers, consumers, advocates and—because of the importance managed care played in Minnesota, and CSH's conviction that health care bore much of the financial burden of homelessness—private health plans. The group did not come together at the call of a single policy leader, but saw itself as a collection of equals focused on a problem that affected all of them in different ways. Their collective charge was to design a model of housing and services that could break the cycle of homelessness for participants and be cost-effective for government. This goal was sufficient to attract and retain their involvement.

The pilot project they devised was a new blueprint for solving chronic homelessness through a combination of integrated service delivery and straightforward financing with a long-term goal of systems change. A highly disciplined evaluation was envisioned. Local and national foundations were interested. Most important, an independent nonprofit organization was created in 1999 to act as a "holding company" for the effort, providing everything from lobbying to financial integration to managing the service network. This body, **Hearth Connection**, was a deliberate effort to maintain the balance of competing interests at the table and be a central

source of expertise and accountability—to the supportive housing community, consumers, government, and philanthropy.

### **The Necessity of Collaborative Planning and Leveraging Money: An Illustration**

Hearth Connection serves two key purposes. It brings together the right players in an independent, neutral collaboration that allows each constituent group to contribute its specific pieces to a larger, well-defined package. And it acts as a primary point of accountability for program performance.

Hearth Connection leveraged private funding and the public-private planning process to make a successful case for a legislative appropriation. With this state money for the demonstration project, the state human services agency contracted with two counties that had been enthusiastic through the design process, which in turn contracted with Hearth Connection to conduct the work and manage the evaluation. This contractual chain ensured that both state and county government were firmly connected to the project.

The goal of Hearth Connection is to make the case that its supportive housing model can end homelessness and be financed largely by cost savings from crisis and institutional care. For policy leaders in the legislature, state agencies, and county governments, Hearth Connection is the credible actor for the project. Its authority derives from the confidence of its stakeholders and its own performance. Its leadership rests on a combination of broad support, a consensus-based plan of action, commitment to data-driven results, industry knowledge, and proven lobbying successes. As Hearth Connection's director says, "Our job is to make it easy for legislators to like the work."

### **Leveraging Public and Private Support**

The group's political savvy, coupled with relentless relationship building, has paid off for the project. Launched with foundation money and a legislative appropriation in 2000, Hearth Connection now serves 300 people in 140 households in the two counties where it is being piloted (500 participants from 200 households since inception). Hearth Connection leads and manages the partnerships, the service model, and systems change work; handles administration of rental assistance for participants; and conducts billing and reimbursement activities from the multiple revenue sources it has attracted.

Funding over the anticipated seven-year life of the demonstration project is from a variety of sources:

- \$7 million of state legislative appropriations to date (initially including TANF surplus dollars, but now a specific general fund authorization)
- Almost \$4 million in private and foundation investments, including \$275,000 from CSH during the planning process
- Over \$500,000 annually of federal Medicaid Targeted Case Management funds
- \$1.3 million of federal HUD Shelter Plus Care and Section 8 rental assistance, with more pending
- Almost \$1 million to date in additional rent subsidy from the state housing finance agency, with more pending

Clearly, legislative support is key to the project's success. Hearth Connection's nonprofit independence, continued education of and accountability to state legislators, and deep connections to senior managers in county and state human service agencies have proven instrumental in making a case for continued support, even during periods of state budget shortfalls.

### **The Result**

This path-breaking effort integrates multiple sources of financing for the needs of a population that is expensive to serve and receives little public attention or political support. With 3,000 long-term homeless households in the state, the project's success in dealing cost-effectively today with nearly 5 percent of that total is a significant accomplishment.

Hearth Connection continues to prove itself as it prepares the evidence, infrastructure, and momentum to make the case for expansion in 2007. In the meantime, the legislature continues to authorize appropriations, government agencies are finding ways to work together to serve this population more effectively, and researchers and forecasters in key government decision-making positions value the data. Even at the midpoint of the demonstration period, the project is getting attention from other counties and the state as the latter looks for ways to step up existing supportive housing efforts and implement a plan to end long-term homelessness in Minnesota by 2010.

## **3. San Francisco's Health, Housing and Integrated Services Network Using Data to Build Leadership**

### **Introduction**

For the past two decades San Francisco has struggled with a homeless crisis many call the worst in the country. A 2002 census counted 8,640 homeless people in the city, over half of whom lived on the streets. An elaborate array of programs has long existed in the city to respond to the needs of this population, and many advocates, providers, and policy makers have championed solutions to it. But the fragmented nature of these programs, particularly for chronically homeless people (many of whom suffer from additional disabilities), has generally been recognized as inefficient and cumbersome. Then came new pressures in the 1980s and '90s: the rise of HMOs, including enactment of state policies to begin converting California's Medicaid program to managed care—all part of a broader alarm over soaring health-care costs. Public hospitals and health agencies began documenting the high cost of treating repeat users of their emergency departments and psychiatric inpatient care. In the process, some began to notice a correlation among high utilization, high cost, and a relatively small population of homeless clients.

### **Making an Impact by Working Together**

In the mid-1990s the supportive housing industry was in its infancy in California. While CSH's expertise in financing, program development, and policy was instrumental to the modest number of supportive housing projects and policy improvements under way, it was increasingly clear that a project-by-project approach was hard to sustain and even harder to build up to the scale



necessary to contain costs and improve results for the small proportion of homeless people consuming a disproportionate amount of the resources.

In 1994 CSH convened a group of supportive housing agencies and local public health officials in San Francisco to look for solutions to chronic homelessness and its crushing effect on public health costs. The resulting effort, dubbed the **Health, Housing and Integrated Services Network (HHISN)** wove together providers and funders of medical, mental health, substance abuse, and other supportive services into a single network for addressing the people most likely to be chronically homeless and placing the greatest demands on emergency and inpatient hospital care. HHISN set out to provide services in 750 units of supportive housing in San Francisco and adjacent Alameda County, negotiating new funding arrangements among public agencies and establishing a standard, coordinated model of integrated services and housing that long-term homeless people with multiple disabilities could access with relative ease.

By 1999, the model had attracted sufficient interest for The California Endowment to award CSH an additional \$6 million to expand San Francisco's experience to nine counties. Both CSH and the foundation knew that sustaining supportive housing would depend on getting the effort to sufficient scale to win the necessary political support from the state and individual counties. To do that, state and local policy leaders had to be convinced that the approach worked and saved money. The cooperation of the San Francisco policy leaders in furnishing reliable data on utilization of services was a crucial step in building credibility and a sense of ownership over the evaluation's results.

### **Evaluation and Good Data Open the Door for Legislative Commitment**

HHISN partners in San Francisco included county agencies and nonprofit providers working in the medical, mental health, and addiction treatment systems. To move their model to scale, these partners recognized they would have to demonstrate to state policy leaders that they could save money and achieve better results by integrating their services rather than by adhering to their separate systems. The evaluation of HHISN was designed to do that in two central ways. First, it established a solid link between supportive housing and dramatic reductions in the utilization of expensive public services (in the end, the evaluation documented a 58 percent decrease in emergency room visits; 57 percent drop in inpatient days; and virtually a 100 percent elimination of the use of residential mental health facilities). Second, and just as important, it fueled an advocacy strategy to win the attention and support of the governor's office and key legislative leaders to expand the program.

The demonstrated cost-effectiveness of the San Francisco experience gave three key policy leaders in Sacramento (the state directors of mental health and housing finance, and a supportive legislator) the data to eventually win support from the governor and legislature. CSH and its partners bolstered confidence in the accuracy of the findings with endorsements from key academic experts and San Francisco's director of public health (whose department also runs the public hospitals). The news release about the evaluation was timed to coincide with a decisive period in state budget negotiations. The media strategy, quiet advocacy with state policy leaders during the course of the evaluation, and the data's demonstration of results, paid off. The governor included in his revised budget, and the legislature subsequently passed, a \$25 million appropriation for supportive housing.



### **Private Funding Promotes Public Investment**

HHISN was set up with significant private funding that was meant to leverage even more public funding. The private investments gave local public partners a sizable incentive to redirect their own funds for the sake of the demonstration, and it provided a flexible source of money with which to carry out a credible evaluation early in the process.

About 20 percent of the initial HHISN project in San Francisco was funded by foundation money raised by CSH, almost half came from a series of HUD grants, and the remainder from public sources to which local agency partners had access, including county mental health, Medicaid, and county general fund dollars that could be used flexibly. As more and more funders came to see the HHISN model as a clear improvement in both quality and cost savings, the state's \$25 million investment in 2000 leveraged tens of millions of additional capital and service dollars for supportive housing throughout California. While a deep budget crisis in later years witnessed a decline in the line item appropriation for the state's supportive housing program, the state has encouraged counties to use funding from another mental health program and a recently enacted state housing bond.

### **The Result**

HHISN and its various iterations around the state are now successfully serving what would otherwise be a far more difficult and expensive population of formerly homeless people with multiple disabilities. State and local government continue to invest in the efforts. An ever growing number of stakeholders in the health care and mental health systems now recognize the relationship between homelessness and high rates of costly—and often ineffective—use of emergency and inpatient medical and psychiatric care. In its first five years more than 2,000 chronically homeless people have been served by HHISN and the expansions it sparked. The strategy of integrating approaches to health care, mental health, and substance abuse with housing for chronically homeless people most frequently using expensive emergency and inpatient services is accepted by policy leaders, private funders, public agencies, and health care providers—a strategy that would likely never have gotten to scale but for the fuel of credible data to make the case.